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NPIC/TSSG/DED-1529-69
5 March 1969

MEMORANDUM FOR: Chief, Technical Services & Support Group

25X1 SUBJECT : [] Negotiations

On 5 March 1969 I received a call from [] who was involved with the [] negotiation for an Image Interpretation Research Program. The call was from [] the site of the negotiations. The main trend of the conversation was that in the process of the negotiating team's modifying [] proposal to incorporate those requirements that IEG felt to be of highest priority it was necessary to make some substantial changes in the program with respect to [] initial bid. After the negotiation team sat down and studied the impact of all these changes upon the cost picture, it was determined that the program in its entirety would cost approximately [] as opposed to the [] authorized. There were two primary avenues of approach at this point: (1) to discontinue the negotiation, or (2) to arrange the tasks in order of priority and delete the task of lowest priority to the extent necessary to bring the program within range of the funding authority (my recommended approach). This is, of course, not a unique situation and has normally been an aspect of all previous negotiations where large contracts with multiple tasks were involved. Previously in situations of this kind, decisions have been made in the field. Because of the tremendous amount of coordination involved in setting up and obtaining approval for this contract, [] felt, and I feel correctly so, that it was essential that we coordinate our decision with IEG. The two items of lowest priority were two equipment training packages, one for the Advanced Rhomboids and one for the Twin-Stage On-Line PI Comparator. Deletion of these two items brings the contract within the range of available funds. I called Mr. [] to obtain his concurrence on the priorities involved and our recommended approach and found him agreeable. I called [] to inform him of the situation and to request his permission to proceed with my recommended solution. [] brought to my attention the advisability of coordinating this with Training Branch, Support Services Division. I subsequently did this through conversations with []. [] was not available. The rationale behind the basic decision is as follows: (1) We had to either decrease the size of the work package or increase the funding. Decreasing the size of the work package is much more feasible because we did not have to go through the large number of

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external controls that would be involved in getting ~~and~~ authorization
of monies along with the attendant time delays. (2) Training Branch
is currently forwarding to [] a joint Division recommendation on
the overall training problem. As a consequence, it is logical that
these two items be deleted and held in abeyance until the items can be
tackled as a part of the total training package. There are numerous ways
of handling these items, which, by the way, we still feel are badly needed:
(1) We can obtain additional funding and add them to the [] contract
after negotiation as a change-of-scope; (2) We can handle them through
Training Branch, assuming [] approves the training package that
[] is now formulating; (3) We can handle them by a Time
and Materiels arrangement on a contractual basis using R&D funds, possibly
more cheaply and more efficiently than under the [] program; and (4)
[] tentatively offered [] services in this area. I
informed [] that I felt it would be imprudent to delay the nego-
tiation until [] returned on Friday, since the negotiation had to
proceed and a fast decision was required. Furthermore, modifications can
be made to the contract any time prior to its final signing, normally a
couple of weeks after completion of negotiations, should [] object
to my approach. At this point, at my urging, [] concurred and
I instructed [] to continue the negotiation, deleting the two
training packages to stay within the authorized price. It is important
to note that a [] task covering the validation of training require-
ments is still included within the [] package. I still feel strongly
that the two training packages must be done and so informed []
of DED's commitment toward this end.

[]
Acting Chief,
Development & Engineering Division, TSSG

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